

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6935

BILL NUMBER: SB 406

NOTE PREPARED: Jan 27, 2014

BILL AMENDED:

SUBJECT: Medicaid False Claims.

FIRST AUTHOR: Sen. Mishler

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
☒ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill makes certain procedural changes to the False Claims Act and Medicaid False Claims Act to remove inconsistencies and comply with federal law.

Effective Date: July 1, 2014.

Explanation of State Expenditures:

Explanation of State Revenues: The bill will bring the state Medicaid False Claims Act into compliance with the Federal Deficit Reduction Act of 2005 (DRA). If the state statute meets requirements of the DRA, the state is allowed to keep a 10% larger percentage of any Medicaid false claims recovery than it normally would. The state's current Federal Medical Assistance Percentage (FMAP) is about 33%. With a DRA compliant statute, the state could retain 43% of any funds recovered.

In CY 2013, the Medicaid Fraud Control Unit recovered over \$52 M. The federal share of the recoveries was \$32.1 M; the state share was \$19.9 M, or about 38.3%, so some portion of the 2013 recoveries included Deficit Reduction incentive dollars.

Additional Information: Indiana first passed its False Claims Act in 2005, so the state is not eligible for the Deficit Reduction incentive on claims involving years prior to 2005. In addition the state FMAP share varies from year to year. As claims from years prior to the enactment of the Indiana False Claims Act become past the statute of limitations, the Deficit Reduction incentive will become a larger percentage of the state recoveries.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Attorney General; Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Attorney General's Office, and "State False Claims Laws and Compliance with the DRA: What is Required After FERA and PPACA?" Kirsten V. Mayer, John J. Reynolds, III, Joshua A. Cippel, Ropes & Gray LLP, Boston, MA. at:
<http://www.ropesgray.com/~media/Files/articles/2010/05/mayer-reynolds-cippel-author-article-for-aba-national-institute-on-the-civil-false-claims-act-and-qui-tam-enforcement.pdf>

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